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*Our government sprang from and was  
made for the people – not the people for  
the government. To them it owes an  
allegiance; from them it must derive its  
courage, strength, and wisdom.*

- Andrew Johnson

November 4, 2005

The Honorable Mayor Carlos Mayans and  
Members of the City Council  
City of Wichita  
Wichita, Kansas

Dear Mayor and Council Members:

In the spirit of the entrepreneurial ideal that exists within the community and evident throughout the history of the City of Wichita, the theme for last year's annual budget was "New Beginnings." This fitting focus reflected the change in city government leadership, including the appointment of several top administrators. The changes are helping generate new thinking within our organization regarding delivery of services, cost savings, revenue generation and efficiencies.

These new beginnings are helping to shape and spur the Wichita economy, as is evident in the decision to build a new air terminal, the arrival of Gander Mountain as the retail anchor in the Wichita WaterWalk, renewed interest in residential living downtown, the location of a regional postal encoding center and the eventual construction and opening of a dynamic downtown arena in the Core Area.

The past few years have tested Wichita's economic fabric. However, City government, guided by the City Council, has maintained its pledge to the people whose lives we touch every day to provide basic city services, including: enhanced economic development efforts; readily available quality water and sewer services; enhanced public safety through police, fire and medical services; and initiatives that focus on repairing and maintaining roads and parks, to name a few.

In this same spirit, the City has sustained an interest in redeveloping older neighborhoods, taken first steps to develop a government culture that further emphasizes a focus on citizens and redirected and transformed services to best serve those citizens. The City's ambitious goal is to do the hard work of banishing bureaucracy and recognize that we touch people's lives every day.

Members of the City Council, through their guidance helped to establish the mission and goals, provided the vision and leadership that shaped this budget.

It is therefore my privilege to present the City of Wichita **Annual Budget for 2006-2007**, developed in accordance with applicable State laws and City policies. As in past years, tough budgetary decisions have been made but always with the spirit of helping the people we serve. This budget also includes two significant facts that have been key features of its predecessors: there will be no tax increase and the budget is a balanced, sound fiscal plan.

With the submittal of this letter, I am pleased to announce that Wichita City government is eager to move beyond these *new beginnings* and reinforce our commitment to the citizens we serve, as we aim to **"Touch People's Lives Every Day"**.



## 2006-2007 BUDGET HIGHLIGHTS

The primary goal of a municipality is to provide services to its citizens. The more than 3,100 employees of the City of Wichita aim to meet that goal every day in many ways. For this municipality, a budget is more than a financial document, it provides policy direction that serves as a foundation for programs, initiatives, services and accountability to citizens. The annual budget allows the City to celebrate its accomplishments while outlining future initiatives, programs and services.

- The City delivered a balanced General Fund 2006 budget, which features no property tax rate increase for the twelfth consecutive year, pursuant to governing body policy direction.
- Dedicated funds continue to promote a collaborative economic development initiative, considered vital to the future growth of the City, by pledging \$250,000 in annual funding over five years for the Greater Wichita Economic Development Coalition's efforts to retain and attract jobs. The Economic Development Office continues to set aside up to \$1 million in financial incentives for businesses.
- The City has a renewed commitment to emerging and disadvantaged businesses. The newly created Contract Compliance Manager in Finance will provide outreach programs, assist contractors and help monitor compliance policies that assist emerging and disadvantaged businesses.
- The City recognizes the importance of cultural arts attractions and the direct impact they have on the community's quality of life by allocating additional funding for arts and culture attractions.
- The City is funding security improvements to City Hall. The improvements will include 17 positions towards ensuring a safe, citizen-friendly public facility.



- The City Manager's Office is spearheading efforts to make this a nationally recognized "High Performance Organization." Funds have been set aside for information and transformation throughout the City organization.
- The City is implementing wireless technology to help identify efficiencies and savings by placing technology solutions into the field. Funding has been allocated for software and hardware enhancements in multiple departments, such as Office of Central Inspection, Water & Sewer, Police and Transit.
- Public Works is spearheading Federal, State and City-funded partnerships for the \$105 million Central Railroad Corridor project, which will build or upgrade elevated railroad crossings downtown and reduce traffic jams.
- The City strengthened its entrepreneurial initiative to encourage administrators to think more like entrepreneurs. One goal is to generate additional funds to help enhance basic services. For example, Property Management staff is increasing commissions charged for sales of property and implementing commissions for property acquisitions.
- The Fire Department controlled costs through efficient staffing and captured \$320 thousand from overtime reductions and other administrative changes. The department will welcome 7 new firefighters in Operations in 2006.
- The City continues its efforts to outsource seasonal personnel to capture savings and improve performance. For example, the Park and Recreation Department hires seasonal workers from a temporary placement agency, which has substantially lowered worker's compensation insurance premiums resulting in a savings of approximately \$160,000 per year for the past two budget years.





## TOUCHING LIVES THROUGH CITY GOVERNMENT

The City of Wichita is an award winning community that is rich in history and tradition. The ideals of the entrepreneurial spirit are evident in the streets every day, and although we have faced some rough roads, we have embraced our community and become stronger for doing so. The efforts of our organizations to receive local, state and national recognition only validate the job our dedicated staff provides the people of this fine City.

This budget focuses on maintaining our core services, restoring services reduced in previous years and addressing operating and maintenance costs. The City's financial resources are finite and tough choices must be made to provide an equitable balance between competing objectives and interests.

Early in the budget process, the Finance Department submits a financial forecast, which provides a financial overview and five-year preview in advance of the actual development of the budget. This forecast is based on City Council policies and current economic conditions. The intent is to provide the Mayor and City Council members with the staff's best estimates of the future, so the governing body has an early opportunity to plan and provide policy guidance to the City Manager before submission of a proposed budget for the coming year.

Forecasting the future is a challenge, especially given the current uncertainties of the local economy. However, the staff provided City Council with a sound financial plan that introduced citizens and policymakers to important budgetary information and encouraged informed participation early in the budget development process. Within the limitation of budget resources, the 2006 budget attempts to incorporate funding for City Council and citizen priorities.

*"We live immersed in narrative, recounting and reassessing the meaning of our past actions, anticipating the outcome of our future projects, situating ourselves at the intersection of several stories not yet completed".*  
- Peter Brooks.

## TOUCHING LIVES THROUGH PUBLIC SAFETY

Protecting the lives and property of the citizens of Wichita is a fundamental service provided by the municipality through the outstanding service of the Public Safety Departments.

The City of Wichita has a tradition of emphasizing a public safety initiative that places citizens first, perhaps most notably through Community Policing, a program that cultivates strong relationships between law enforcement and neighborhoods.



Homeland Security is also an important aspect of the public safety initiative. The City of Wichita continues to balance heightened security needs with public access to its facilities. Providing secure and accessible facilities will continue to be a City priority.

The 2006-2007 budget also includes a revision to the City's current partnership with Wichita Public Schools, to provide School Resource Officers. This program connects police officers with youth, fostering mentoring and learning.

*"I have an affection for a great city. I feel safe in the neighborhood of man, and enjoy the sweet security of streets."*  
- Longfellow.

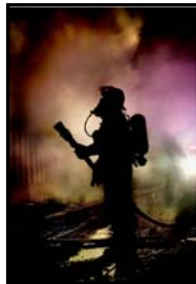
The Wichita Police Department (WPD) has many recent accomplishments. They include providing security for major City events such as the Wichita River Festival, the Kansas Aviation Festival and Vice President Dick Cheney's visit to Wichita. Other key accomplishments include spearheading the Homeland Security/City Hall redesign, expanding a 4 x 10 shift study to all four Patrol bureaus, adding a drug dog to the Field Services Division, opening a new Property and Evidence facility in the former Rounds and Porter building and establishing a Community Policing satellite office in the bustling Old Town District. The Wichita Police Department, an unequalled two-time recipient of the prestigious *Webber Seavey Award* by the International Association of Chiefs of Police, solved the infamous BTK serial killer case in 2005.





Reinvention of traditional City services is proposed for the Warrant Office. This Office has traditionally been a stand-alone work group in Support Services but will now be shifted to Field Services. Six existing Warrant Officer positions will be replaced with eight Police Officer positions that will work out of the four neighborhood substations. Their efforts, along with support from other Patrol Officers, will result in an increase in warrants served by an estimated one hundred percent (100%).

The Wichita Fire Department (WFD) is benefiting from relocations and new stations. The relocation of Station 10 from 17<sup>th</sup> Street and Grove to 2950 East 21<sup>st</sup> North is scheduled for completion in late 2005. Fire Service will be further expanded through the use of CIP funding for construction of two new fire stations. Other enhancements to fire service include equipment upgrades such as 3 fire pumpers and an aerial platform. The 2006 budget also includes additional staffing to help meet increasing public safety demands.



The Emergency Medical Services System (EMSS) is a collaboration between the City and Sedgwick County after both governments reached a new agreement for emergency medical services in November 2003. City firefighters, along with County firefighters and EMSS staff, will embark on a collaborative training program to upgrade the skill set of all Fire and Emergency Medical Service employees. The goal is to ensure citizens are provided the best emergency medical services available.

The Office of Central Inspection (OCI) touches lives by ensuring building and home safety and capturing cost efficiencies through technology. OCI set a record for permit activity in 2004. The 1,681 new home starts in 2004 exceeded Wichita's 2003 new home starts by about 10%. In 2004, total building valuation was \$535 million, or about \$40 million more than the previous annual record.

The City is touching people's lives by offering online inspection services such as e-Permits. In early 2005, OCI initiated Internet permitting, inspection scheduling and permit management for licensed Wichita contractors. Through September 2005, approximately 2,700 permits had been submitted, processed and issued over the Internet. It is expected that by the end of 2005, OCI will process nearly 4,000 permits. Permit inspection scheduling has also been made available on the Internet,

enabling contractors not only to schedule and cancel inspections 24-hours/day but also to easily review permit and inspection results and comments.

This technology has led to significant reductions in permit processing time and telephone call

*"Information is the oxygen of the modern age."*

– Ronald Reagan

volumes. It has also greatly increased information sharing between contractors and OCI, providing contractors detailed inspection histories and comments from field inspectors, while providing inspectors more specific information relating to inspection requests.

Further, all neighborhood inspection personnel have been equipped with wireless laptop computer units that are now saving time in code enforcement case management and enabling inspectors to initiate and manage cases from the field, thus reducing time required in the office. This allows individual inspectors to more efficiently manage their caseloads and to perform more inspections each day. By late 2005, all construction field inspectors will also be equipped with wireless laptop units, enabling them to manage their inspection workloads, to provide better information to contractors and to reduce their reliance on phone calls to OCI dispatchers. Construction field inspectors now have cell phones, providing contractors with more immediate access to inspectors and allowing inspectors timely and efficient communication to contractors.



The Law Department provides the City with a wide-range of quality legal services. It provides legal council for City Council and City Staff, provides representation for the City and prosecutes cases in Municipal Court. In 2004, the Department re-engineered its civil law processes. The attorneys engaged in careful analysis and active legal defense of damage claims filed against the City. As a result, only 1.63% of all claims submitted during the year were paid, which saved the city more than \$3,389,000.

Municipal Court will touch people's lives through enhanced customer service by investing heavily in technology upgrades to improve operations. These improvements are focused on providing better customer service. A new interactive voice response (IVR) system will be implemented for court customers. This system will improve the dissemination of court information and enhance the efficiency of the court clerical staff. An





automated system will quickly direct callers to the appropriate information on their respective court case or will provide general information on the court process. Staff will continue to handle calls that require personal assistance when necessary.

The Probation Office offers the Wichita Intervention Program. This program provides alcohol education and intervention for eligible first-time defendants who plead guilty to drunk driving. The program couples the State-mandated 48 hours of incarceration with a strong intervention process in an effort to eliminate future offenses. This program is now offered in Spanish as well as English.

### TOUCHING LIVES THROUGH INFRASTRUCTURE IMPROVEMENTS

A strong infrastructure is part of the foundation for growth and economic development. The City is charged with providing, financing and maintaining the infrastructure that sustains urban life in a modern city.

The Public Works Department touches citizen's lives each day through its improvements to freeways, arterials, streets, bridges, and public buildings. On any given day, PW staff are managing 222 active projects valuing more than \$269.6 million.

One of the city's most important, far-reaching enhancements is the *Kellogg Expansion Project*. The City has leveraged approximately \$200 million of local



resources to obtain federal and state funding for the \$400+ million project improving U.S. 54 highway (known locally as Kellogg). The total project creates numerous grade separations, frontage roadways, and additional lanes in order to create an unmitigated thoroughfare from the far east to the far west sections of the City. Despite challenges in design, right of way acquisition, financing and construction, Public Works has been dedicated to finishing work on this vital thoroughfare while ensuring that streets are maintained, potholes are filled, public facilities are maintained, and other services are provided to all areas of the City. One result of the transportation and street maintenance improvements is that Wichita ranks second only to Corpus Christi, Texas for shortest

commutes among the nation's 68 largest cities, according to the U.S. Census Bureau.

Public Works is also spearheading the \$105 million *Central Railroad Corridor project*, which will build or upgrade elevated railroad crossings downtown



and reduce traffic jams. The ongoing project, which is expected to last slightly more than three years, caps a nine-year effort to design, finance and build one of Wichita's largest public works undertakings. Project funding comes from Federal, State and City governments as well as railroad funds set-aside since the 1996 merger between Union Pacific and Southern Pacific Railroads.

The Public Works Department seeks continuous quality improvements through new technology. In 2004 and 2005, the

*"There are no great limits to growth because there are no limits of human intelligence, imagination, and wonder."*

- Ronald Reagan

Department implemented a work order and asset management software system (DataStream) to better manage fleet and building operations. Currently, the department is following up by enhancing existing technology and strategies for streets, bridges, signs, stoplights, etc.

Public Works will play a key role in implementing the 21<sup>st</sup> Street North Revitalization Plan, which the Planning Department is helping to implement. The project is largely being guided by input from racially, ethnically and culturally diverse citizens who live in the area. The goal is to transform an aging area into a thriving destination district, which features culturally oriented businesses, enhanced residences and a thriving industrial park.

The Metropolitan Area Planning Department (MAPD) will play a key role in implementing redevelopment related to the downtown arena. It is important to plan for the anticipated redevelopment of the area surrounding the arena, concurrent with the location and design of the new arena.

The City is partnering with Sedgwick County, as the arena developer, and with the Wichita Downtown Development Corporation in formulating the arena neighborhood redevelopment plan. This plan will work to



establish a neighborhood that blends in with the current and planned downtown developments including the Museum District, River Corridor, WaterWalk, *Old Town* and Century II. This plan will work with area stakeholders, including residents, landowners, and business representatives to build consensus in the development of what this new arena district should look like both physically and aesthetically. By working together, this plan will touch the lives of present and future generations of Wichitans.



Wichita Mid-Continent Airport is the portal to our community and thereby touches peoples lives on a daily basis. The Airport has seen passenger volume jump nearly 27% since the inception of the Fair Fares program in 2001. In 2004, the Airport set an annual passenger traffic record with 1,498,749 total passengers, an increase of 5% over 2003.

While passenger traffic has continued to rise with Fair Fares, ticket prices have steadily fallen. Thanks to City leaders, through funding support, and the business community with Fair Fares, passengers have saved over \$200 million on airfares since low-cost airlines AirTran Airways and Allegiant Air entered the market.



With Fair Fares becoming so successful leading to rising ridership and new security concerns, the City focused on the need for a new \$150 million terminal. In June 2005, The City Council approved a program manager to oversee construction of the new, two-story terminal building, which will be built west of the existing 50-year-old terminal building.

With the additional traffic and new plans for the terminal, the Airport has been directed by the City Council to focus on marketing and promotion. Dollars have been allocated to focus on reducing leakage to airports outside the state.

In addition, in response to the need for more parking because of heavier use, a new temporary long-term shuttle lot was constructed and opened in early 2005 and has been to date a huge success. The Airport will seek innovative ways to address parking issues as the terminal project progresses.

The Water and Sewer Department touches the lives of the City's residents and businesses every day by providing systems to efficiently and effectively deliver water and collect and dispose of wastewater. With Operating and Maintenance costs of \$889 per million gallons (MG) water processed and \$127 cost per wastewater account, the City's utilities compete favorably with national standards (\$1,308 for water and \$275 for wastewater) for cost and efficiency. The department continues efforts to improve service delivery, with new booster pump stations, a new water tower, improvements at Sewage Treatment Plants 1 and 2, and rehabilitation and replacement of aging pipes throughout the City.

In June 2005, the City's new ozone generating facility began operation. Located at the Cheney Reservoir pump station, the facility generates ozone gas that is used to treat taste and odor in the Cheney water supply. With the implementation of ozone, the City anticipates saving nearly \$600,000 per year through the decreased levels of other chemicals such as chlorine and powdered activated carbon.

The process of selecting a consulting engineer to design the Mid-Continent Sewage Treatment Plant is underway. The new wastewater plant will support projected growth and development on the City's west side.



Utility and IT/IS staffs are working on a citywide wireless data transmission network. Improvements resulting from this system are field transmission of work orders and real time sharing of work done in response to citizen requests. Automated meter reading and automation of Sewage Treatment Plant #1 and the Four Mile Creek Sewage Treatment Plant are also improving service through wireless connectivity.

A major component of the Integrated Local Water Supply Plan (ILWS) is the Aquifer Storage and Recovery (ASR) project. This project includes injection of 100 MGD (millions of gallons per day) of river diversion and recharge capacity to the Equus Beds Well Field. It is estimated that up to 65 billion gallons of water can be recharged into and stored in the Equus Beds. This is about the same amount of water held by the Cheney Reservoir. A second major goal of the ASR is the



development and maintenance of a hydraulic barrier between the Equus Beds Well Field, and the Burrton Oil Field brine plume and the Arkansas River salt-water.

It is estimated that through the year 2050 that the ILWS plan will cost approximately \$313 million. The next lowest cost alternative – the construction of a new reservoir and transmission line was estimated to cost approximately \$425 million. There is currently legislation in both the U.S. House of Representatives and the U.S. Senate that could secure \$30 million in funding for the ILWS project.

Rate increases of 6% and 7% in the Water and Sewer utilities, respectively, are necessary for the City's utilities to continue to provide current service levels and support growth. The rate increases (combined) will raise the monthly cost of water and sewer services by approximately \$1.48 for the average utility customer. Despite the need for increased rates, the Utilities continue to provide excellent value to customers, apparent by low average monthly bills. Water's average monthly bill of \$12.53 is well below the Midwest average of \$17.65 and the national average of \$22.52. An even more significant statistic that shows the value of the Utilities is the 0.69% rating on the affordability index showing the Water & Sewer bill as a percentage of Median Household Income, as compared to the nationwide average of 1.14%.

### TOUCHING PEOPLE'S LIVES THROUGH SERVICE DELIVERY

The Housing/Community Services (HCS) Department is nationally recognized for innovative home ownership efforts. The department boasts occupancy rates exceeding 95% in its public housing units. Occupancy rates are expected to remain high even after new income verification policies take full effect.

The recent completion of a new downtown building addition for HCS enables it to better serve citizens seeking quality, affordable housing. Section 8 employees moved into the expanded building from the first floor of nearby Greenway Manor. Now nearly all Housing personnel are located in the same facility.

The Section 8 division has benefited from technology by adding wireless inspection units. The use of these units will enable faster, more efficient collection of inspection

data by field inspectors, and allow landlords quicker notification of the results.

The City's HOME Program excels at touching residents' lives. The Home Program received HUD's "Door-knocker Award" for the Millair Creek



affordable housing project, a single-family homeownership development near 25th Street and Minnesota. The project was also one of three HOME-funded projects featured in a national video presentation that commemorated the 15th anniversary of the HOME Program.

The Career Development Office (CDO) helps citizens find jobs. The totally grant-funded office began offering employment services to welfare recipients in April 2004 under a contract with the Wichita Area Office of the Kansas Department of Social and Rehabilitation Services.

Over nine months in 2004, the CDO provided 25 weeks of workshops to Social Rehabilitation Services (SRS)

*"This country will not be a good place for any of us to live in unless we make it a good place for all of us to live in."*  
– Theodore Roosevelt

groups, in addition to individual counseling to over 500 clients. The number of job placements during the year was 111, with an average wage of \$7.86. Job retention of clients was 86%. All the performance outcomes exceeded the SRS contract goals.

In the first nine months of 2005, 317 clients have received individual counseling. Twenty-four weeks of workshops have been provided and 179 clients have been placed in jobs at an average wage of \$7.71 per hour with a 90.6% after 60 days retention rate. Based on the CDO's 2004 performance, SRS has extended the contract through 2005 and into 2006.

The Transit Department touches the lives of citizens by providing public transportation through its fleet of 51 fixed-route buses and 24 vans that offer curbside-to-curb, one-way or round-trip van trip service to disabled citizens on a scheduled basis. Operations have been modernized





through the installation of electronic fareboxes. Additionally, Para transit scheduling software has been implemented; enabling more accurate measuring of ridership and more efficient scheduling of curb-to-curb ADA rides. In the future, these capabilities are expected to facilitate route planning to better meet the needs of Wichita's citizens. Other improvements, including bus shelters and vehicle locator capabilities, will be added.



The Q Line, the downtown trolley service returned with expanded routes into the historic Delano District. It operates from June through August. This service is funded by federal grants with some support provided by the Wichita Downtown Development Corporation. The service has been well received by members and employees of the downtown business community.

Wichita Public Library touches people's lives by offering programs to better serve citizens of all ages. Activities and use of the department's programs and services remains high. On an average day in 2004, the Library loaned more than 5,400 items to its customers, answered more than 900 questions, provided over 400 public access computer work sessions for users, attracted more than 180 individuals to Library-sponsored programs, created 50 new customer accounts, added 215 items to its collections, ordered 118 additional items for the collection, received 50 interlibrary loan requests from other libraries and had more than 30 people visit a Library facility to attend a community event held in a Library meeting room.



Equating Library services to market value (i.e., what taxpayers might spend to receive the same services from the private sector), the department in 2004 generated more than \$31,000,000 in service through the circulation of its collections, attendance at its programs, use of its public computing services and information delivered through its reference services. When compared to the General Fund budget allocation of just under \$5,800,000, the department generated more than \$5 in value for every \$1 of local tax support.

The Library continues to seek new ways to address the needs of citizens through technology improvements proposed for early 2006. The upgrades will bring the

Library into alignment with City of Wichita information technology system standards and improve customer service. Additionally, Library employees have begun the task of creating a master plan to help the department grow its collections.

### TOUCHING PEOPLE'S LIVES THROUGH ECONOMIC DEVELOPMENT: "THINKING LIKE ENTREPRENEURS"

Economic Development touches people's lives by helping retain and create jobs. Wichita is the hub of business and industry in the Sunflower State. There are encouraging signs that Wichita continues to recover from one of the worst economic downturns in recent history. While the local economy is more diverse than reputation might suggest, the recent economic challenges highlight the importance of further diversifying through collaborative and aggressive economic development efforts.



The City has strengthened its commitment to a stronger area economy by sustaining a partnership with Sedgwick County, the Wichita Area Chamber of Commerce, the Regional Area Economic Development Partnership (REAP) council of governments and the private sector to support the Greater Wichita Economic Development

*"You have not done enough,  
you have never done enough, so  
long as it is still possible that  
you have something to  
contribute."*

- Dag Hammarskjöld

Coalition (GWEDC). The City and County have each pledged \$250,000 in annual funding for GWEDC's efforts for a five-year period. The private sector has exceeded the commitment by raising nearly \$4 million over the same period.

GWEDC's mission is to retain and expand existing businesses as well as recruit new businesses to the greater Wichita area. The City will continue to play a leading role in providing financial incentives to qualifying businesses. The budget maintains up to \$1 million annual allocation for economic development incentives. Additionally, the City will augment traditional incentives such as industrial revenue bonds (IRB) and tax





abatements with additional tools such as tax increment financing (TIF), sales tax and revenue bonds (STAR), and forgivable loans. These incentives are tied to job creation and capital investment.

The City remains committed to the redevelopment of downtown and other economically distressed areas. The City has entered into a public-private partnership for the redevelopment of the east bank of the Arkansas River, south of Century II. The multi-million dollar Wichita WaterWalk project will provide quality residences, restaurants, retailers and office space. The destination project will feature anchor retailer Gander Mountain, which opened this fall. The City has committed to spending \$28 million on land, site work, infrastructure and construction in order to leverage approximately \$100 million in private investment in an important area of downtown.



The City continues to support three small business programs that are primarily designed to assist emerging and disadvantaged businesses. The Wichita BizLoan Program is a joint effort featuring several local banks. The City's participation stems from a HUD Section 108 loan. The City also has teamed with the South Central Kansas Economic Development District to support its Micro loan Program. The latest program is being developed jointly with the Wichita Technology Corporation, a local business incubator to make loans for start-up and high-risk businesses that may not qualify for traditional financing.

The Property Management operation is increasing commissions charged to projects for sales of property and charging commissions for property purchases. Additional commissions of nearly \$320,000 could be realized on property management transactions based on projected revenue budgets for 2006 and 2007 and assuming that the portfolio value remains constant.

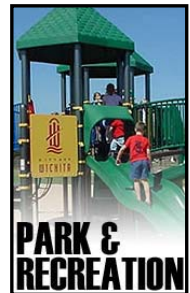
Current commissions for sales are set at 10% (0% for purchases). The new proposed rate is 15%, both on property sales and purchases. A 15% rate in 2003 on sales would have added \$32,000 to the fund balance; a 15% rate on 2004 sales would have added \$110,000; and thus far in 2005 the net positive impact to the fund

from such a change would have been \$4,500. It is difficult to anticipate when sales or purchases will occur. But if all property in the current portfolio were sold in 2006 at market value, additional commissions of \$65,000 would be realized.

At the direction of the City Council, the City continues to sell marketable properties. Much property in the City's inventory was sold in 2004, leaving only 11 tracts cleared for sale. These tracts have a market value estimated at \$1.3 million. A few additional tracts eventually may be available for sale from the construction of the East Kellogg Freeway.

## TOUCHING LIVES THROUGH QUALITY OF LIFE

The Park and Recreation Department is promoting a campaign to "bring Park and Recreation into the 22<sup>nd</sup> Century" over the next two budget years. For example, the Grounds Maintenance division will be implementing an asset management system. Other upcoming technology improvements include Automotive Vehicle Locator (AVL) systems, mobile workforce laptops, and the use of more Geographical Information Systems (GIS).



Maintenance continues to be a top priority for the Park and Recreation Department. Park added approximately 130 acres of prime recreational space with the Rail banking Corridor project (also known as "Rails to Trails"). An abandoned BNSF railroad that runs from Grove to 159th East between 13th and 21st street will offer residents another opportunity for recreational activities.

Before 2003, the Park and Recreation Department had difficulty hiring and retaining quality seasonal help. To resolve this problem the City retained an employment company to provide seasonal workers.

*"What is the city but its people?"*  
- William Shakespeare

As a result, the City was able to fully staff all seasonal positions and maintain the needed levels of staffing throughout the summer season. This added to other practices encouraging work safety allowed the City to substantially lower worker's compensation insurance premiums, saving approximately \$160,000 per year for the past two budget years. The savings has been reprogrammed into irrigation and



grounds maintenance to further enhance the quality of life for all citizens.



The *January 2005 ice storm* had a substantial impact on the operational budgets of Park and Recreation and Public Works. Over a period of 90 days, more than 1,200 trees were removed, another 10,000 trees were trimmed, and approximately 90 thousand tons of debris was picked up and disposed. Clean-up costs exceeded \$6.5 million. Both departments led City efforts to meet the challenges of the natural disaster. Restoration efforts will continue throughout the City to focus on continued removal of damaged trees and the planting new trees.

This past year, with the approval of the City Council, the Park and Recreation Department created agreements with two non-profit associations to take over the management and maintenance of Wichita's two largest soccer facilities. The realized savings from these agreements will help provide for the maintenance of newly acquired parks -- Golden Rod, Stearman, and the new McAdams neighborhood park. It will help in providing the maintenance of the new landscaped areas along West Kellogg and the rail bank corridor in the northeast section of the City.

In 2005, the City Council approved the purchase of a new ticketing system for Century II, which is now being implemented. This operation will create a new level of customer service patrons who can purchase and print tickets at home on the Internet. The system will also provide a new level of accountability that will benefit both the City and the promoters. Once the system is fully operational, it can be expanded to sell tickets for other venues and help promote tourism packages to other attractions in Wichita. In its first full year of operation, box office operations will net a projected \$63,000. This will be accomplished with fees collected through the sale of tickets, as well as sponsorship opportunities on the tickets and the web site.



One of the challenges facing the Park and Recreation Department is the management of Ice Sports Wichita. The Department issued a Request for Proposals (RFP) for a new management company to manage this facility in 2006. Efforts are underway to increase attendance at this facility through additional programming and marketing.

Wichita Botanica Gardens' visitors increased by 9% over 2003. Visitors, a total of 114,529, came from 43 countries and 49 states. That was an increase of 9% over 2003. Over 400 volunteers worked 44,475 hours to beautify the Gardens, welcome visitors, plan and implement special events and provide educational programs. The annual holiday event, dubbed "Illuminations," continued to grow in its fourth year, with a record attendance of 10,600 guests over six nights and net revenue of \$62,000.



The Environmental Services Department provides a wide variety of services for the community, including traditional public health functions and environmental protection activities. Department staff engages in education, direct services, and regulatory oversight, all aimed at protecting health and the environment.

Through the Air Quality program, staff is able to respond to hazardous materials incidents and biological or chemical terrorist attacks. Realignment of existing allocations, and a small increase in future funding, will allow continuation of the department's ability to continue and improve this technical assistance and monitoring activities.

Neighborhood Code Enforcement staff will be equipped with laptop computers and wireless communication equipment to allow inspection data entry and case status updates from the field. The move to field based activities will increase the program's capacity to respond to citizen complaints relative to trash, junk vehicles, salvage material and bulky waste, or other neighborhood concerns.

*"Keep thy shop, and thy shop will keep thee."*  
- English Proverb



Several initiatives are being undertaken to improve services to help promote a clean and healthy environment. Included in this is the conversion of water quality data to electronic format, allowing the sharing of information with other City departments such as Water and Sewer, Central Inspection, and Planning through use of a common format. Staff will also gain the ability to access information in a more timely manner.

Water Quality staff performing well testing and on-site sewage system inspections will receive laptop computers and wireless communication to complete automation of water quality record keeping, helping to expedite the process while ensuring more accurate information.

Animal Control response to citizen requests for service, which currently exceed 30,000 annually, will be enhanced by the addition of one full time and one part time animal control officer position.

### TOUCHING PEOPLE'S LIVES THROUGH RESPONSIVE HUMAN RESOURCES

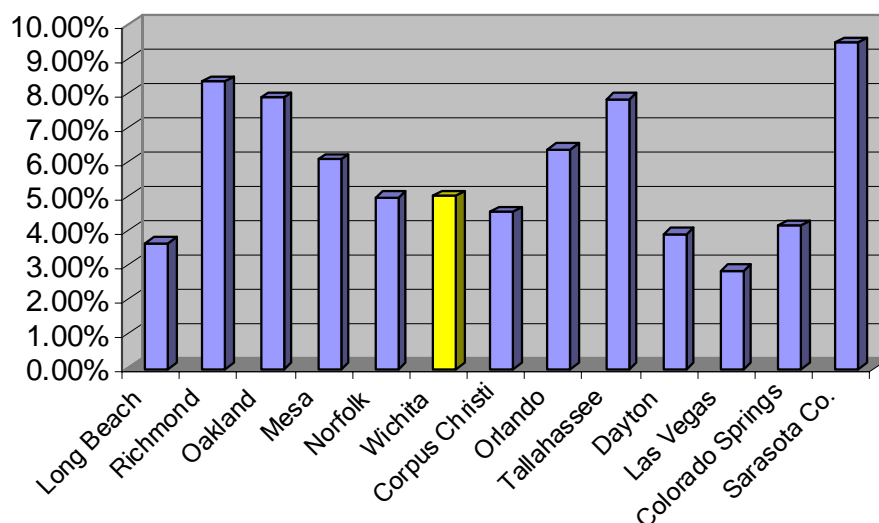
The Human Resources Department (HR) touches the lives of the City's more than 3,100 employees who come from diverse backgrounds. The policies and procedures that govern the workplace reflect the City's commitment to a well-trained and educated workforce so that the City can better serve its citizens.

The City of Wichita is currently undertaking an initiative for creating a "High Performance Organization," with Human Resources spearheading the transition. A starting point for this major initiative will be the development of a new performance evaluation process (pay-for-performance) for exempt and management pay plans that better link performance levels with compensation and a customer service rating to encourage increased customer service practices in all areas of the organization. This new system will work to motivate employees to perform at peak levels and on a more sustained basis.

*"Every ceiling, when reached,  
becomes a floor, upon which one  
walks as a matter of course and  
prescriptive right."  
- Aldous Huxley*

In 2005 the City negotiated agreements with the three major unions; the Fraternal Order of Police (FOP), International Association of Fire Fighters (IAFF), and the Service Employees International Union (SEIU). Agreements with the FOP and IAFF provided for 3 percent annual General Pay Adjustments beginning in January 2004 and continuing through the end of 2006. In addition, the agreement includes annual step raises of 2.5% for those eligible. The SEIU agreement also affords employees 3 percent annual General Pay Adjustments beginning in 2005 and concluding in December 2007, along with applicable step movements. As part of the

**Peer-City Turnover Rate**





negotiations, employees agreed to examine ways in which performance could play a larger role in the evaluation process with the intent of weighting employee rewards more on merit than tenure.

HR realizes the basis for the overall success of the City is through its number one resource, its employees. As such, HR is continually looking for ways to promote that resource to a level of job enjoyment that will produce even higher productivity and customer service. A pilot employee satisfaction survey was conducted in December 2004, involving 272 voluntary employees at all levels in the organization. This survey indicated that 88% of employees surveyed enjoy their job and would like to be working at the City one year from now. This is an impressively high rating and HR will continue to work on initiatives to increase this rating while focusing on the direction of making the City of Wichita one of the premier places to work. Some initial initiatives will include a new on-the-spot employee recognition program that will empower supervisors to immediately recognize and reward employees who exceed typical expectations.

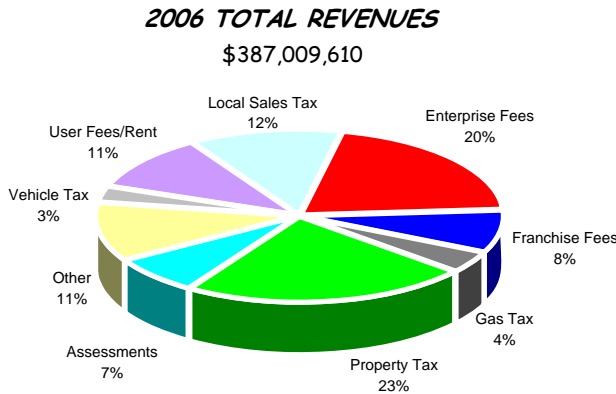
The adopted budget increases the City's Tuition Reimbursement Program. This past year, the number of employees seeking to advance their career by attending higher education institutions increased by 10%. Efforts to improve the skill-set of employees should be encouraged and rewarded as a better trained and educated workforce can improve service to citizens.

HR continues to address employee job satisfaction to increase productivity and to reduce attrition. Employers incur substantial costs when an employee leaves employment that can result in hundreds of thousands of dollars in employee replacement expenses. It is therefore imperative to keep turnover at a minimum. While some turnover is necessary, and includes employee retirements, best practices indicate a turnover rate of fewer than 6% is a measure to maintain. The City has maintained the turnover rate at or below this level and will also continue efforts to create employee retention initiatives.

### REVENUES AND EXPENDITURES: THE FINANCIAL PICTURE

Budgeted revenues for 2006 of \$387,009,610 are derived from several major sources. Certain major revenue categories (e.g. transient guest tax, special alcohol tax and the gas tax) are legally dedicated resources and can

only be used to offset specific expenses. Total revenues are exclusive of internal services, fiduciary funds, enterprise construction and interfund transfers (eliminating double counting and co-mingling of operating and capital funds).



The City's revenue picture reflects years of effort to diversify its funding sources. While the City's revenue base remains diverse, the impact of the downturn in the economy and cutbacks in State aid (especially the elimination of demand transfers) have somewhat reversed the trend, increasing reliance on the property tax as a revenue source to fund basic municipal services.

The mill levy required to finance the 2006 Budget is 31.828 mills, no change from the levy requirement for the 2005 Budget. The mill levy is divided between the General and Debt Service Funds:

FUND	LEVY
General Fund	21.828
Debt Service Fund	<u>10.000</u>
Total	31.828

On a comparative basis with the 24 other first class cities in Kansas, Wichita remains below the 36.8 mill average. When compared with the 26 other cities within the Wichita Metropolitan Statistical Area (MSA), Wichita's levy also compares favorably with the average of 49.3 mills for combined municipal and/or fire district services.

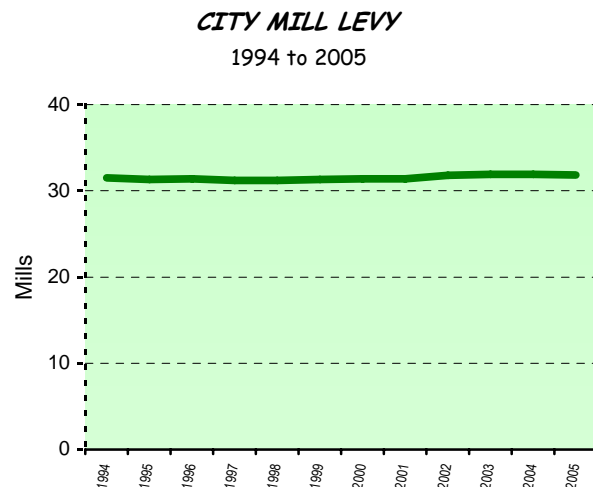
*"Don't be afraid to see  
what you see."  
- Ronald Reagan*

[Note: Averages are based on 2004 tax levy information and may change as other cities adjust for 2005 tax levies to fund 2006 budgets.]





Assessed valuation is the measure of property values for taxation purposes. The County's preliminary estimate of assessed valuation is \$2,673,854,934, an increase of 5.02% over the previous year. Final assessed values are set (by the County) after the City's budget is adopted.

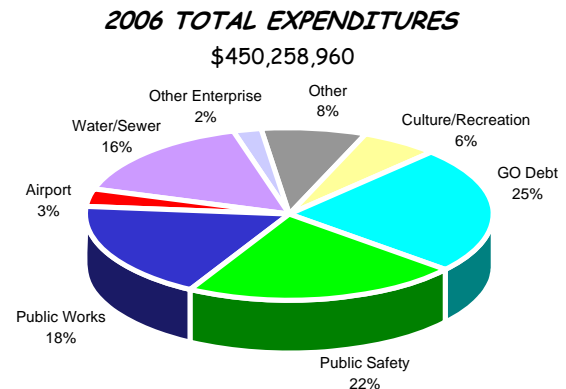


The mean value of a home in Wichita is \$93,888. City property taxes annually will amount to \$344 per year, or \$28.64 per month. A family of four will likely spend about as much (or more) per month for cable television, telephone service, Internet service, or one family trip to the movies. These comparisons serve to emphasize the value represented in municipal services. For their annual City property taxes, citizens are provided vital police and fire protection, streets, parks, libraries, and a myriad of other services.

In lieu of a tax lid, the State Legislature imposed a stipulation that the City, by ordinance, acknowledge any growth in General Fund spending based on an increase in property taxes not derived from new development, increased personal property valuation, annexation, or change in use. The estimated amount of increased property tax revenue is \$155,006.

2006 expenditures total \$450,258,960 for all funds. Increases are primarily the result of higher wage/benefit costs, expanded City Hall security, use of Debt Service Fund cash to retire temporary notes, future water supply initiatives in the Water Utility, expanded flood water remediation efforts, maintenance enhancements and increased activity in the tax increment finance (TIF) operations. The 2006 Proposed Budget expenditures increase 10% above the adopted 2005 Budget.

Expenditures by program/service groups are summarized in the following chart:



Total revenues and expenditures are aggregated and reported to show a combined budget picture. In practice, each fund is a discrete, separately certified budget.

## POSITIONS ANALYSIS

The 2006 City budget funds 3,240 positions. The majority of these (2,278) are funded in the General Fund. Of the total General Fund financed employees, over half (1,259) are employed by either the Fire and Police departments. A total of 36 positions were included in the 2006 budget, compared to the previously adopted budget. These position changes are outlined on page 298 of Volume II, and included:

### General Fund

- Seven additional firefighters
- Seventeen additional positions for City Hall Security
- A new Contract Compliance Officer
- Three new fire training positions
- New Irrigation Maintenance crew for Parks
- Elimination of seven building maintenance staff (privatizing custodial services)

### Other Funds

- Eight new Intern positions in Water
- Three new IT staff for new applications

## GENERAL FUND

The General Fund is the largest of the City's operational funds, accounting for nearly 40% of the total City budget. Public safety, public works, parks and recreation, health, libraries, local property tax subsidies for transit, and



general government activities are the principal programs supported by this fund. The General Fund is one of two major funds that rely upon the ad valorem property tax as a major revenue source.

Overall, General Fund revenues are projected to be 4.9% higher in 2006 than 2005, and 2005 Revised Budget revenues will be 2.1% higher than in 2004. The originally Adopted Budget had assumed 1% growth. The change in 2006 is due to strong growth in the assessed valuation, steady growth in retail sales and franchise fees, and a significant increase in special assessment revenue. Additionally, the Fund will benefit from a few one-time revenues in the form of reimbursements or unexpected windfalls. The chart below identifies the primary areas of growth in the proposed budget.

#### 2006 General Fund Revenues

Property tax (assessed valuation)	\$2,447,250
Franchise fees	1,249,560
Charges for services and sales	763,900
Fines and penalties	798,170
Local sales tax	573,220
Motor fuel taxes	461,050
One-time/windfall	1,448,820

Embedded in the increases for fines and penalties and charges for services and sales are proposed fee increases or collection enhancements. The following table identifies these items.

#### 2006 Proposed Fee Increases

Library small balance recovery	193,750
Dog owners' licenses fee	120,000
Unaltered dog license surcharge	40,000
Well evaluation (for loans) fee	20,000
Nuisance abatement admin fee	10,000

The General Fund is balanced for 2006 at \$177,025,170 in revenues and expenditures. The chart provides an overall picture of the allocation of General Fund expenditures by general category. It reflects policy priorities in the General Fund emphasizing public safety, infrastructure, and cultural/recreation services.

The proposed budget accommodates increasing costs in a number of operating areas. Salary improvements for performance-based merit increases and 3% general pay adjustments (GPAs) are included. The budget also includes anticipated increases for health insurance and

other benefits in 2006 and beyond, rising fuel costs and inflationary pressures in several areas. In balancing the General Fund budget, many options for supplemental requests were filtered out to allow only the highest priorities to be included in the Adopted 2006-2007 Budget. Highlighted below are some of the items added in the proposed budget.

#### 2006 General Fund Expenditures Significant Increases

City Hall Security	551,180
P&F pension rate increase*	356,140
Cultural and Arts funding	719,000
Enhanced bridge maintenance*	250,000
Cost of fuel	244,560
Library enhancements *	175,030
Fire EMSS	165,780
Benefits Coordinator	87,100
Street lights for newly annexed areas	75,000
Compliance Manager	56,930
P.A.C.K. Program At Colvin*	28,890
Tuition reimbursement program	10,000

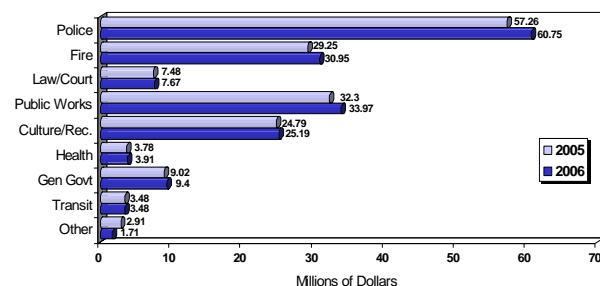
*\*Partially or fully offset through proposed fee increases, other budget reductions and/or dedicated revenue from another source.*

The current year budget includes more than \$1.25 million of non-renewable revenue in the General Fund. The Proposed Budget incorporates almost \$1.45 million. Revenue items such as proceeds from the sale of land, repayment of prior year loans from other funds, closing completed projects, returning grant overmatches and other one-time charges are measures that cannot sustain on-going operational costs.

The 2006 Adopted Budget assumes 2% Planned Savings (under-expenditures), roughly \$3.6 million. This aggressive savings goal will require a heightened level of management effort to "force" savings by holding positions

#### GENERAL FUND EXPENDITURES

2005 - 2006





vacant, deferring capital equipment of marginal need, etc. If revenue forecasts are too optimistic, the pressure to force savings will be even greater.

## OTHER FUNDS

The Budget includes revised estimates of current year revenues and expenditures. The procedure of revising the budget is an important element of effective financial management, designed to provide an updated estimate of trends in the current year and to improve budget development for the next year.

Generally, revised budgets remain within the previously adopted budget levels for each fund. Occasionally, revised estimates resulting from changing needs, or City Council actions, mean an increased expenditure level and require a re-certification of the budget.

### Enterprise Funds

Water and Sewer operations are projected to require rate increases necessary to meet future water supply needs and other growth demand capital investments (6% and 7%, respectively). Two 25¢ increases in the Storm Water ERU rates have been factored into the 2006 and (projected) 2007 budgets. The fee will provide funding for \$22 million worth of flood remediation projects. The Golf Fund allows internal refinancing of existing debt, extending the term of repayment to the Debt Service Fund and assessing interest to the Golf enterprise on any outstanding principal.

### Special Revenue Funds

A 15% premium on Central Inspection fees was implemented at the beginning of 2004. The premium is applied to a rate table developed in 1985. The premium is necessary to maintain a three to four month operating reserve in the fund. A priority identified within the Transient Guest Tax charter ordinance directs that revenues be used first to retire debt service on convention facility infrastructure and next to offset operating deficits at Century II and Expo Hall. An additional \$180,000 annually is required to offset Century II's operating deficit. The Economic Development Fund will have to be recertified. The addition of affordable air service support created a need for greater expenditure authority. The future direction and operation of the City's Ice Rink is still uncertain. In order to preserve potentially necessary expenditure authority, the fund has been setup with a "contingent" expenditure and an offsetting "contingent" revenue.

### Internal Service Funds

A (one-time) vehicle insurance rate holiday was included in 2005 as part of a stopgap expenditure reduction effort. Rates will be assessed again in 2006. IT/IS rates were reduced in 2004 and in 2005. New technology initiatives (such as public safety MCTs and a wireless network) are being implemented. Projects like these and greater technology penetration into the organization (as evidenced by more user accounts and applications) are indicators of the organization's (and the culture's) continued cost effective assimilation of technology to enhance services.

## 2007 APPROVED BUDGET

The 2007 Budget of \$397,585,590 is misleading because it does not account for the \$22 million Landfill Post Closure liability. State budget law requires that resource be budgeted entirely in the current year as if it will be expended; theoretically, it will not be available for expense again in 2007. Even adjusting for this nuance, the projected budget represents a 6.8% decrease from 2006. Cost increases for wages and benefits throughout are offset by lower Sales Tax Construction Fund and Debt Service Fund expenditures.

The General Fund is projected to increase in 2007 to \$182,560,230, a 3.1% increase over the 2006 Budget. The projected increase is due to anticipated increases in employee wage and benefit costs, and necessary growth demand resources. The 2007 General Fund is projected to modestly draw down cash reserves.

## CAPITAL IMPROVEMENT PROGRAM

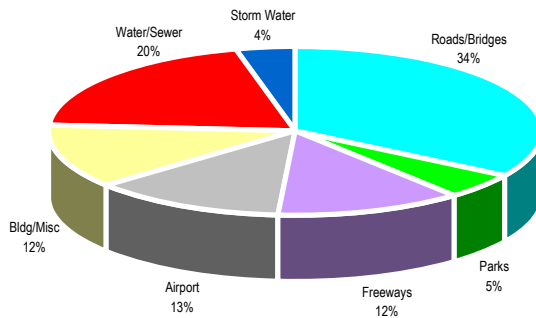
The ten-year Capital Improvement Program (CIP) totals approximately \$1.8 billion. Revenues to finance the Program include: Property Taxes (19%), Local Sales Tax (13%), Special Assessments (14%), Grants (21.5%), and Enterprise Fees (32%) from airport, water, sewer, storm water, and golf, and Other (1%).

The City finances capital projects in a variety of ways: general obligation bonds/notes, revenue bonds, grants, and cash. The most significant of these are General Obligation (GO) bonds based on the full faith and credit of the City. GO bonds provide debt financing not only for property tax-funded projects but for capital improvement projects where debt service payments are paid by City enterprises (e.g., Airport, Golf, Storm Water). Based on Generally Accepted Accounting Principles (GAAP), the



debt service payments for General Obligation (GO) debt are spread either to the Debt Service Fund or the various enterprise and internal service funds, as appropriate.

***2005-2014 Capital Improvement Program  
\$1,824,421,000***



The City maintains a high-grade (AA) bond rating. Further, the City demonstrates prudent debt practices under State law with City debt well below the legal debt margin at only 37% of the actual legal margin.

Most projects are initiated in the departments of Public Works, Water & Sewer, Park and Airport. The CIP includes funding for community redevelopment, freeways, arterials, bridges, facilities, utilities, parks and other amenities.

**Debt Service Fund**

The Debt Service Fund pays expenditures related to most of the City's General Obligation debt. The first obligation of the Debt Service Fund is to make all debt service payments on existing City bonded indebtedness. Based on revenue estimates and assuming a constant property tax levy (10 mills), the remaining resources of the fund are used to assume debt obligations for new capital projects. Funds not required for long-term debt are used to pay for capital project expenses in the form of temporary notes that are retired in the same year (e.g., "pay-as-you-go" financing).

The Debt Service Fund is positioned to support both existing debt and finance new capital projects. Cash reserves of the fund will be reduced to \$3 million by 2006. While this reduction is substantial, the target level of reserve for this fund is not-to-exceed 5% of annual expenditures. The fund is stable as to revenues and most expenditures are incurred late in the fiscal year. A review of the CIP is currently underway. Proposed revisions to the capital budget will be submitted to the City Council in July.

**Local Sales Tax (LST) Capital Projects**

Since 1985, the City has set aside one half of all local sales tax proceeds, estimated at \$22.9 million for 2005 and \$23.5 million for 2006, to support the transportation capital program, with a principal emphasis on freeways. Major LST-funded projects currently underway include freeway segments on Kellogg/US-54 at Woodlawn and Rock Road; the Central Rail Corridor; and \$6 million annually (through 2010) on arterials.

**RESERVES**

Each of the funds in the City's budget has a separate cash balance position. The cash reserve position of the General Fund is projected to be approximately \$11.2 million of unappropriated reserve and \$10.8 million appropriated reserve by year-end (2005) or 13%. The City Council has approved a policy stating the City will not drawdown reserves in excess of 10% of expenditures. This reserve provides a margin to cover an unforeseen shortfall in anticipated revenues, unexpected expenditure requirements, one-time expenditures, or support for future year costs without a property tax increase.

The General Fund cash reserve (in total) represents 13% of 2005 expenditures. It is noted that even if the reserve is maintained at the same dollar amount, it will decline as a percentage of expenditures in the coming years. Unknowns remain on the horizon for the City's budget in terms of a fragile economy. The Wichita economy is showing strong signs of recovery, but continues to face long-term challenges.

The cash reserve position of the Debt Service Fund is projected at 5%. The reserves of other funds vary as necessary for the specific circumstances of each fund. Cash reserves are appropriate and necessary for a variety of reasons:

The cash reserve position is also a significant factor evaluated by bond rating agencies assessing the financial strength of a community. Cash reserves, both as to level (dollar and percentage) and trend (whether reserves are increasing, decreasing or stable), mirror the continued ability of a city to meet its obligations and the willingness of local elected officials to set tax rates commensurate with requirements for a balanced budget.

The classic definition of a balanced budget is when annually recurring revenues offset annually recurring





expenditures. In some funds, expenditures are occurring at a higher rate than revenues, creating a budget imbalance and net reduction in cash reserves. This funding strategy is possible only for a limited period of time if reserves are above target limits. As reserves decline, it will be necessary to restore a balance through expenditure reductions, increases in revenues, or both.

Revenue Volatility	Funds relying on revenues that may vary significantly due to economic or other conditions (e.g., weather) will need higher cash balances than those funds relying on more stable revenues.
Timing of Cash Inflows/Outflows	When either receipt of income or the payments for obligations are less predictable or subject to significant fluctuations, relatively higher levels of cash reserves may be necessary to maintain liquidity.
Contingency	An unencumbered cash balance provides financial resources to meet most unforeseen contingencies and liabilities while avoiding the necessity of tax/rate increases or use of "no-fund" warrants.
Legal Requirements	Some funds may have legal/regulatory constraints as to either minimum or maximum cash reserve levels, or a contractual obligation governing cash balances (e.g., bond covenant).

Precipitous declines in reserves would not be prudent management, nor would such action be recommended. Utilizing the City reserves to balance the operating budget without reducing expenditures, would be short-sighted and not be in keeping with past management practices.

## IMPROVING OPERATIONS

The City's efforts do not start and do not end with approval of an annual budget. It is necessary to put into place the means to ensure that taxpayers receive the maximum value in programs and services for each tax dollar spent. During the course of each year, City staff continues to focus on ways to reduce costs and improve services. Continuing improvement efforts have led to the extension of technology to the field, services offered to

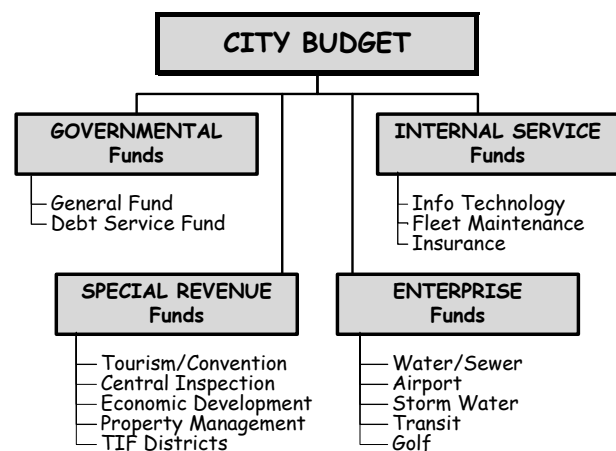
the public through Neighborhood City Halls, and an emphasis on outcomes-based management initiatives. In light of the economic downturn, transformation efforts have intensified to restructure City operations for lower costs, releasing resources for new priorities, while maintaining high service levels. Significant transformation efforts are continually under consideration:

- *Operational Re-engineering* – Efforts to produce cost-saving organizational changes while maintaining or enhancing efficiency and effectiveness.
- *Consolidation* – Review of City programs and services to determine if redundancies exist, and where consolidation can produce cost-savings.
- *Privatization/Outsourcing* – Competitive pricing of government services, to ascertain those services best and most economically provided by City departments and where private companies are better able to provide a lower cost service.
- *Application of Technology* – A continuing effort to use new technologies to lower costs and enhance public programs and services.

## BUDGET PROCESS

### Fund Structure

The City does not have one budget but many funds, each of which is a discrete, legally separate budget. Only two funds, the General Fund and Debt Service Fund, include the property tax as a direct revenue source supporting fund expenditures.



Financial projections are tailored to each fund. Estimates and patterns of revenues and expenditures will vary by fund based on each fund's circumstance.



### Financial Planning

Sound financial planning is vital in any corporation, including a municipality. The City's primary goal in financial planning is to maintain the public's trust and confidence in its ongoing financial stewardship of the public purse through long-term financial forecasting, a balanced budget, cash reserves to absorb cyclical variations in revenues without reductions in services, investor confidence in the City's bond value, and stable tax levies.

The City has established a practice of multi-year budget forecasting. Long-term analysis of revenues and expenditures into the future helps to avoid recurrence of budget shortfalls leading to service reductions and employee layoffs. A five-year financial forecast is prepared each spring and presented to the City Council in advance of the annual budget development process. The forecast is designed to ascertain the long-term impacts of current operating budget policies and conditions. The Budget itself proposes a detailed two-year expenditure plan (2006 and 2007) that is financed from available revenues.

Another important element in the City's financial plan is a balanced budget, in both the legal and fiscal definitions. This means that annually recurring expenditures (other than one-time costs) are paid from annually recurring revenues. The effort to match annual revenues with annual operating expenditures has also aided the City in another important financial goal – to maintain a stable property tax rate. The City has sustained essentially the same mill levy for thirteen consecutive years.

### Revenue/Expenditure Forecasting

The City's Budget has a multi-year focus: retrospective in reviewing the prior year (2004) actual revenues and expenditures; current in revising 2005 requirements; prospective in budgeting for the next two years (2006/2007); and forecasting an additional three years (2008-2010). Forecasting the financial future of the City is not a precise science. It requires making assumptions about the future.

To the greatest extent possible, staff has sought to provide a neutral forecast that is neither too optimistic nor too pessimistic. The forecasting effort in the budget process is the product of assembling information from multiple sources, including:

- ▶ Econometric modeling of revenues based on research by Finance staff and WSU faculty,
- ▶ Input from state agencies which forecast various governmental revenues (e.g., Gas Tax),
- ▶ Local economic trends prepared by the WSU Center for Economic Development and Business Research (see pages 3-11),
- ▶ Private sector expertise on select revenue sources (e.g., franchise fees), and
- ▶ Finance and other City department staff who monitor revenue and expenditure trends.

### Budget Administration

The budget establishes appropriation and expenditure levels. It is normal with prudent management for "actual" expenditures to be marginally below "budgeted" expenditures by year-end. Organizations often anticipate a level of such expenditure savings in the budget development. The existence of a particular appropriation in the budget also does not automatically mean funds are expended. Because of the time span between preparing the budget, subsequent adoption by the governing body and the end of the budget year, as well as rapidly changing economic factors, all expenditures are reviewed prior to any disbursement. These expenditure review procedures assure compliance with City requirements and provide some degree of flexibility for modifying programs to meet changing needs and priorities.

## TOUCHING PEOPLE'S LIVES THROUGH CITIZEN INPUT ON BUDGET PRIORITIES

In the spring of 2004, residents and government and community leaders came together to research and address the significant challenges faced in the Wichita region. The City of Wichita partnered with Sedgwick County, the Kansas Health Foundation, the Wichita Area Chamber of Commerce, the Wichita Community Foundation, and the Wichita Downtown Development Corporation to initiate a process called Visioneering Wichita. The collaborative process engaged hundreds of citizens through community meetings, area focus groups, and vision task forces to identify and endorse a twenty year vision for the Wichita metro area.

*"Commitment unlocks the doors of imagination, allows vision, and gives us the "right stuff" to turn our dreams into reality."*  
- James Womack



The City of Wichita took the larger community Visioneering Wichita plan, identified the areas of responsibility and focus for city government, incorporated the core foundations, benchmarks, strategies and values, and merged it all into its own strategic planning process. These grassroots community objectives are the foundation for the Wichita Strategic Agenda and this budget. The broad strategic priorities are: Economic and Education Development; Quality of Life; Infrastructure; and Government. These are discussed in more depth in the City Profile.

Additionally, as a part of the ongoing budget development process, Budget staff conducted multiple education sessions on the City's annual operating budget throughout the year. Sessions are provided to various citizen groups, including the Citizen's Academy, neighborhood associations, leadership councils, select citizen task forces, schools, and especially District Advisory Boards (DABs). The sessions provide audiences with an overview of the City's budget development process, a review of historical information and current trends, and a preview of upcoming budget issues.

Community priorities identified by the citizen participants are collected and organized by Budget staff. Priorities are communicated to decision-makers during the budget process. As indicated throughout the budget, limited discretionary resources are targeted to address the community needs identified as highest priorities by citizen participants.

## CONCLUSION

A reward for working in City government is that it does indeed touch people's lives each and every day. New challenges spring forth, new ideas emerge and every day more citizens choose to become engaged in City activities. As the deliverer of public services, the City has a responsibility to ensure the City operates as a high performance organization committed to serving customers with dignity and respect. This proposed budget attempts to do that through the redirection of resources, the addition of a limited number of staff and through increasing funding for certain core services.

The City continues to strengthen its efforts for improving the quality of life for all of its citizens. The development of this budget depended upon the input and guidance of the City Council, as well as the ideas and conversations of thousands of citizens as they labored to develop a vision for our community. This vision is being incorporated into the City's Strategic Plan to guide our work efforts and measure how well we do that work. In touching people's lives every day, the City's goal is to provide a rewarding experience that makes the Wichita community proud of its accomplishments.

The 2006-2007 Adopted Budget represents the best efforts of staff to serve citizens, partly by achieving a balanced budget that recognizes the many competing demands for City resources. The creation of this budget required diligence, teamwork and innovative thinking, which each Department provided. Balancing the budget required difficult choices. Those choices were made only after reviewing many options and scenarios. The individuals who had a hand in the creation of this budget are commended for their hard work.

As City Manager, it is my task to submit an annual budget that advises the City Council on the financial conditions and requirements of the City. It is my pleasure to present the 2006-2007 Adopted Budget, the roadmap that allows us to touch citizens' lives each and every day in a way that exemplifies our commitment to professionalism, integrity and high performance.

Respectively submitted,

A handwritten signature in black ink, reading "George R. Kolb".

George R. Kolb  
City Manager

*The Budget is the roadmap that allows  
us to touch citizens' lives each and  
every day in a way that exemplifies our  
commitment to professionalism,  
integrity and high performance.*



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## ACKNOWLEDGMENTS

Formulating the annual budget document is a team effort and the result of countless hours of work. Special appreciation and thanks are extended to the Budget Staff of the Department of Finance for their long hours and hard work: Kelly Carpenter, Rob Raine, Mark Manning, Jay Newton, Joe Yager, Trinh Bui, Ryan Adkison, Kendall Niquette, Marge Seger, and Pam Hoffman.

The City is proud to be the recipient of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for every year continuously since 1989; we believe this budget document not only continues, but even advances the effort to satisfy those standards. The City further holds the GFOA Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report, having received this award for more years (30 years) than any other governmental entity in Kansas. The City has additionally received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the City's financial reporting on its retirement systems. The City has also received the Certificate of Excellence Award from the Municipal Treasurers' Association for its investment policy. Finally, the City has been recognized for meeting the standards of the National Purchasing Institute for incorporating all the essential elements of a model purchasing program.